
HOUSE BILL No. 1471

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Assessment rules. Prohibits the department of local government finance from changing the standards used to assess tangible property for property tax purposes except as necessary to bring a rule into conformity with a statute. Changes the valuation date used in the last reassessment to January 1 of the year immediately preceding the reassessment date. Repeals a law requiring the state board of tax commissioners (which no longer exists) to adopt rules.

Effective: Upon passage.

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January 14, 2009, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1471

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-3-22 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22. (a) Except to
3 the extent that it conflicts with a statute and subject to subsection (f),
4 50 IAC 4.2 (as in effect January 1, 2001), which was formerly
5 incorporated by reference into this section, is reinstated as a rule.
6 (b) Tangible personal property within the scope of 50 IAC 4.2 (as
7 in effect January 1, 2001) shall be assessed on the assessment dates in
8 calendar years 2003 and thereafter in conformity with 50 IAC 4.2 (as
9 in effect January 1, 2001).
10 (c) The publisher of the Indiana Administrative Code shall publish
11 50 IAC 4.2 (as in effect January 1, 2001) in the Indiana Administrative
12 Code.
13 (d) 50 IAC 4.3 and any other rule to the extent that it conflicts with
14 this section is void.
15 (e) A reference in 50 IAC 4.2 to a governmental entity that has been
16 terminated or a statute that has been repealed or amended shall be
17 treated as a reference to its successor.

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(f) The department of local government finance may not amend or repeal the following (all as in effect January 1, 2001):

(1) 50 IAC 4.2-4-3(f).

(2) 50 IAC 4.2-4-7.

(3) 50 IAC 4.2-4-9.

~~(4) 50 IAC 4.2-5-7.~~

~~(5) 50 IAC 4.2-5-13.~~

~~(6)~~ (4) 50 IAC 4.2-6-1.

~~(7)~~ (5) 50 IAC 4.2-6-2.

~~(8)~~ (6) 50 IAC 4.2-8-9.

(g) 50 IAC 4.2-5-7 and 50 IAC 4.2-5-13 are void.

SECTION 2. IC 6-1.1-4-4, AS AMENDED BY P.L.146-2008, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2000, and be the basis for taxes payable in 2003.

(b) A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2009, and each fifth year thereafter. Each reassessment under this subsection:

(1) shall be completed on or before March 1 of the year that succeeds by two (2) years the year in which the general reassessment begins; and

(2) shall be the basis for taxes payable in the year following the year in which the general assessment is to be completed.

The date as of which the true tax value of tangible property is to be estimated for the general reassessment that begins July 1, 2009, is January 1, 2010, and the valuation date for each general reassessment thereafter is January 1 of each fifth year thereafter.

(c) In order to ensure that assessing officials are prepared for a general reassessment of real property, the department of local government finance shall give adequate advance notice of the general reassessment to the assessing officials of each county.

(d) Except to the extent that it conflicts with a statute, 50 IAC 2.3 (as effective on January 1, 2007) is reinstated.

(e) Real property within the scope of 50 IAC 2.3 (as effective January 1, 2007) shall be assessed on the assessment dates in calendar years 2011 and thereafter in conformity with 50 IAC 2.3 (as in effect January 1, 2007) and the manual and guidelines incorporated by reference into 50 IAC 2.3 (as in effect January 1, 2007). However, the assessed value of real property within the scope of 50 IAC 2.3 (as in effect January 1, 2007) shall be adjusted to account for changes in the value in those years since a general

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1 reassessment of property last took effect. Tables, formulas, and
 2 other values in the rule, manual, and guidelines must be revised to
 3 reflect the appropriate valuation date.

4 (f) The publisher of the Indiana Administrative Code shall
 5 publish 50 IAC 2.3 (as in effect January 1, 2007) in the Indiana
 6 Administrative Code.

7 (g) 50 IAC 2.4 and any other rule to the extent that it conflicts
 8 with this section is void.

9 (h) A reference in 50 IAC 2.3 to a governmental entity that has
 10 been terminated or a statute that has been repealed or amended
 11 shall be treated as a reference to its successor.

12 (i) The department of local government finance may not amend
 13 or repeal 50 IAC 2.3 (as in effect January 1, 2007) except as
 14 required to bring the rule into conformity with the following:

15 (1) P.L.192-2002(ss), SECTION 193.

16 (2) A statute enacted in the 2009 session of the general
 17 assembly.

18 (3) Any other statute.

19 SECTION 3. IC 6-1.1-4-4.5, AS AMENDED BY P.L.228-2005,
 20 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 UPON PASSAGE]: Sec. 4.5. (a) ~~The department of local government~~
 22 ~~finance shall adopt rules establishing a system for annually adjusting~~
 23 ~~The assessed value of real property within the scope of 50 IAC 21 (as~~
 24 ~~effective January 1, 2009) shall be adjusted annually~~ to account for
 25 changes in value in those years since a general reassessment of
 26 property last took effect

27 (b) Subject to subsection (c), the system must be applied to adjust
 28 assessed values beginning with the 2006 assessment date and each year
 29 thereafter that is not a year in which a reassessment becomes effective.

30 (c) The rules adopted under subsection (a) must include the
 31 following characteristics in the system:

32 (1) Promote uniform and equal assessment of real property within
 33 and across classifications:

34 (2) Require that assessing officials:

35 (A) reevaluate the factors that affect value;

36 (B) express the interactions of those factors mathematically;

37 (C) use mass appraisal techniques to estimate updated property
 38 values within statistical measures of accuracy; and

39 (D) provide notice to taxpayers of an assessment increase that
 40 results from the application of annual adjustments:

41 (3) Prescribe procedures that permit the application of the
 42 adjustment percentages in an efficient manner by assessing

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officials.

(d) The department of local government finance must review and certify each annual adjustment determined under this section.

(e) in conformity with 50 IAC 21 (as effective January 1, 2009). Any other rule to the extent that it conflicts with this section is void. The department of local government finance may not amend or repeal 50 IAC 21 (as effective January 1, 2009) except as required to bring the rule into conformity with the following:

(1) A statute enacted in the 2009 session of the general assembly.

(2) Any other statute.

(f) (b) In making the annual determination of the base rate to satisfy the requirement for an annual adjustment under subsection (a), the department of local government finance shall determine the base rate using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the department of local government finance's Real Property Assessment Guidelines (as in effect on January 1, 2005), except that the department shall adjust the methodology to use a six (6) year rolling average instead of a four (4) year rolling average.

SECTION 4. IC 6-1.1-4-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 26. **Subject to this article**, the department of local government finance may adopt or promulgate regulations, appraisal manuals, rules, bulletins, directives, and forms for the assessment and reassessment of real property.

SECTION 5. IC 6-1.1-4-30 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 30. **Except as provided by this article** in making any assessment or reassessment of real property in the interim between general reassessments, the rules, regulations, and standards for assessment are the same as those used in the preceding general reassessment.

SECTION 6. IC 6-1.1-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. ~~The department of local government finance may adopt rules in order to provide a method for assessing mobile homes. These rules must be consistent with this article; including the factors required under IC 6-1.1-31-7:~~ (a) **Except to the extent that it conflicts with a statute, 50 IAC 3.2 (as effective January 1, 2007) is reinstated.**

(b) Mobile homes within the scope of 50 IAC 3.2 (as effective January 1, 2007) shall be assessed on the assessment dates in calendar years 2010 and thereafter in conformity with 50 IAC 3.2 (as in effect January 1, 2007).

(c) The publisher of the Indiana Administrative Code shall

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publish 50 IAC 3.2 (as in effect January 1, 2007) in the Indiana Administrative Code.

(d) 50 IAC 3.3 and any other rule to the extent that it conflicts with this section is void.

(e) A reference in 50 IAC 3.2 to a governmental entity that has been terminated or a statute that has been repealed or amended shall be treated as a reference to its successor.

(f) The department of local government finance may not amend or repeal 50 IAC 3.2 (as in effect January 1, 2007) except as required to bring the rule into conformity with the following:

(1) A statute enacted in the 2009 session of the general assembly.

(2) Any other statute.

SECTION 7. IC 6-1.1-31-1, AS AMENDED BY P.L.146-2008, SECTION 269, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The department of local government finance shall do the following:

(1) Prescribe the property tax forms and returns which taxpayers are to complete and on which the taxpayers' assessments will be based.

(2) Prescribe the forms to be used to give taxpayers notice of assessment actions.

~~(3) Adopt rules concerning the assessment of tangible property.~~

~~(4)~~ (3) Develop specifications that prescribe state requirements for computer software and hardware to be used by counties for assessment purposes. The specifications developed under this subdivision apply only to computer software and hardware systems purchased for assessment purposes after July 1, 1993. The specifications, including specifications in a rule or other standard adopted under IC 6-1.1-31.5, must provide for:

(A) maintenance of data in a form that formats the information in the file with the standard data, field, and record coding jointly required and approved by the department of local government finance and the legislative services agency;

(B) data export and transmission that is compatible with the data export and transmission requirements in a standard format prescribed by the office of technology established by IC 4-13.1-2-1 and jointly approved by the department of local government finance and legislative services agency; and

(C) maintenance of data in a manner that ensures prompt and accurate transfer of data to the department of local government finance and the legislative services agency, as jointly approved

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by the department of local government **finance** and legislative services agency.

~~(5)~~ **(4)** Adopt rules establishing criteria for the revocation of a certification under IC 6-1.1-35.5-6.

(b) Subject to this article, the department of local government finance may adopt rules that are related to property taxation or the duties or the procedures of the department.

(c) Rules of the state board of tax commissioners are for all purposes rules of the department of local government finance and the Indiana board until the department and the Indiana board adopt rules to repeal or supersede the rules of the state board of tax commissioners.

SECTION 8. IC 6-1.1-31-5, AS AMENDED BY P.L.146-2008, SECTION 271, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) ~~Subject to~~ This article, ~~the rules adopted by the department of local government finance are~~ **including IC 6-1.1-3-22, IC 6-1.1-4-4, IC 6-1.1-4-4.5, IC 6-1.1-7-2, and IC 6-1.1-8-44, is** the basis for determining the true tax value of tangible property.

(b) Assessing officials shall:

- (1) comply with the rules, appraisal manuals, bulletins, and directives adopted by the department of local government finance;
- (2) use the property tax forms, property tax returns, and notice forms prescribed by the department; and
- (3) collect and record the data required by the department.

(c) In assessing tangible property, the assessing officials may **not** consider factors in addition to those prescribed by the department of local government finance if the use of the additional factors is first approved by the department. Each assessing official shall indicate on the official's records for each individual assessment whether:

- (1) only the factors contained in the department's rules, forms, and returns have been considered; or
- (2) factors in addition to those contained in the department's rules, forms, and returns have been considered.

SECTION 9. IC 6-1.1-31-6, AS AMENDED BY P.L.154-2006, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. ~~(a) With respect to the assessment of real property, the rules of the department of local government finance shall provide for:~~

- ~~(1) the classification of land on the basis of:~~
 - ~~(i) acreage;~~
 - ~~(ii) lots;~~
 - ~~(iii) size;~~

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- (iv) location;
- (v) use;
- (vi) productivity or earning capacity;
- (vii) applicable zoning provisions;
- (viii) accessibility to highways, sewers, and other public services or facilities; and
- (ix) any other factor that the department determines by rule is just and proper; and

(2) the classification of improvements on the basis of:

- (i) size;
- (ii) location;
- (iii) use;
- (iv) type and character of construction;
- (v) age;
- (vi) condition;
- (vii) cost of reproduction; and
- (viii) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of real property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of real property;
- (2) the size of real property;
- (3) the effects that location and use have on the value of real property;
- (4) the productivity or earning capacity of:
 - (A) agricultural land; and
 - (B) real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;
- (5) sales data for generally comparable properties; and
- (6) the true tax value of real property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.

(c) With respect to the assessment of real property, true tax value does not mean fair market value. Subject to this article, true tax value is the value determined under the rules of the department of local government finance.

SECTION 10. IC 6-1.1-31-7, AS AMENDED BY P.L.214-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) With respect to the assessment of personal property, the rules of the department of local government

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finance shall provide for the classification of personal property on the basis of:

- (1) date of purchase;
- (2) location;
- (3) use;
- (4) depreciation, obsolescence, and condition; and
- (5) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of personal property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of personal property;
- (2) the effect that location has on the value of personal property;
- (3) the cost of reproducing personal property;
- (4) the depreciation, including physical deterioration and obsolescence, of personal property;
- (5) the productivity or earning capacity of mobile homes regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;
- (6) the true tax value of mobile homes assessed under IC 6-1.1-7 (other than mobile homes subject to the preferred valuation method under IC 6-1.1-4-39(b)) as the least of the values determined using the following:

(A) The National Automobile Dealers Association Guide;

(B) The purchase price of a mobile home if:

- (i) the sale is of a commercial enterprise nature; and
- (ii) the buyer and seller are not related by blood or marriage;

(C) Sales data for generally comparable mobile homes;

(7) the true tax value at the time of acquisition of computer application software, for the purpose of deducting the value of computer application software from the acquisition cost of tangible personal property whenever the value of the tangible personal property that is recorded on the taxpayer's books and records reflects the value of the computer application software; and

(8) the true tax value of personal property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.

(c) In providing for the classification of personal property and the instructions for determining the items listed in subsection (b), the department of local government finance shall not include the value of land as a cost of producing tangible personal property subject to

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1 assessment.

2 (d) With respect to the assessment of personal property, true tax
3 value does not mean fair market value. ~~Subject to this article, true tax~~
4 ~~value is the value determined under rules of the department of local~~
5 ~~government finance.~~

6 SECTION 11. IC 6-1.1-31-9 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Except as
8 provided in subsection (b) **or as necessary to implement a statutory**
9 **change affecting the appraisal of real property in a general**
10 **reassessment**, the department of local government finance may not
11 adopt rules for the appraisal of real property in a general reassessment
12 after July 1 of the year before the year in which the general
13 reassessment is scheduled to begin.

14 (b) If rules for the appraisal of real property in a general
15 reassessment are timely adopted under subsection (a) and are then
16 disapproved by the attorney general for any reason under IC 4-22-2-32,
17 the department of local government finance may modify the rules to
18 cure the defect that resulted in disapproval by the attorney general, and
19 may then take all actions necessary under IC 4-22-2 to readopt and to
20 obtain approval of the rules. This process may be repeated as necessary
21 until the rules are approved.

22 SECTION 12. IC 6-1.1-31-12 IS REPEALED [EFFECTIVE UPON
23 PASSAGE].

24 SECTION 13. **An emergency is declared for this act.**

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